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Report Highlights:
AgMin Ritz Warns Saskatchewan-Style Livestock Programs Could Trigger Countervailing Duty Investigations * Government of Canada Proposes Amendments to Canada Grains Act * Market Development Funds for Atlantic Lobster Industry

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Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

AGMIN RITZ WARNS SASKATCHEWAN-STYLE LIVESTOCK PROGRAMS COULD TRIGGER COUNTERVAILING DUTY INVESTIGATIONS : Federal Agriculture Minister Gerry Ritz issued a press release this week criticizing the Saskatchewan government's recent announcement of per head livestock payments for the province's cattle and hog farmers. The $71 million Saskatchewan cattle and hog support program, designed to help producers cope with low profitability will pay C$40 per head payment for all beef breeding cows and bred beef heifers owned as of January 1, 2009, C$20 per market hog sold and C$10 per head for all iso-weanlings, weanlings and feeder hogs produced between July 1, 2008, and January 31, 2009. In his statement, Ritz said, "The Government of Saskatchewan raised this scheme at the federal-provincial meeting last month – every other province soundly rejected it. This kind of program cannot go forward without support from provincial governments. Other provinces rejected this scheme for good reason. Federal funding for this type of program would likely result in retaliation from our trading partners. The livestock industry has worked hard to open international markets and that hard work would be completely undone. Producers from Saskatchewan and across Canada could lose more money as markets slam shut than they would get from this kind of handout. *COMMENT: In the late 1980s and early 1990s, Canada modified its income stabilization policies for livestock to reduce the risk of countervail action. In 1984 and again in 1989, the U.S. pork industry had filed countervailing duty cases against Canadian hogs and pork citing a large increase in Canadian exports and the application of hog income stabilization programs in Canada. As a result of the trade case investigations, U.S. countervailing duties were applied on Canadian fresh, chilled and frozen pork until 1991 and, following a sunset review, duties on live hogs ended on January 1, 2000. In March 2004, the National Pork Producers Council filed an anti-dumping and countervail complaint against the Canadian hog industry but in March 2005, the International Trade Administration of the U.S. Department of Commerce determined that countervailable subsidies did not exist and the USITC found no injury. As a result, that case terminated.*

GOVERNMENT OF CANADA PROPOSES AMMENDMENTS TO CANADA GRAINS ACT: The Government of Canada re-introduced legislation to amend the Canada Grain Act. Bill C-13 received first reading in the House of Commons on February 23, 2009. Bill C-13 is the re-incarnation of Bill C-39 which died on the order paper when the federal national election was called in the fall of 2008. Bill C-13 is intended to modernize the Canada Grain Act so that the Canadian Grain Commission (CGC) can better serve Canada's grain industry. The CGC is the regulatory body of Canada's grain handling industry. It conducts grain quality research as well as certifies the quality and quantity of the Canadian grain shipments for domestic and export shipments. The purpose behind the amendments to the Canada Grains Act is to eliminate unnecessary regulations and costs so that Canada's grains sector can become more competitive. For example, the bill proposes to (1) eliminate mandatory inward inspection and weighing (it can be done by the private sector upon request), (2) eliminate the Grain Appeal Tribunal, registration and cancellation of receipts, and regular terminal and transfer elevator weighovers, and (3) repeal the producer payment security programs (grain sector can develop its own if it feels there is a need for one). The amendments will not affect the CGC quality monitoring programs, and exports will continue to be weighed inspected and certified by the CGC. More information on Bill C-13 is available at the following website: Bill C-13; Summary of Proposed Changes; FAQs of Bill C-13.

MARKET DEVELOPMENT FUNDS FOR ATLANTIC LOBSTER INDUSTRY: Federal Agriculture and Agri-Food Minister Gerry Ritz and provincial fisheries ministers from Prince Edward Island, New Brunswick, and Nova Scotia announced a C$0.5 million export market development program for Atlantic lobster. The federal government will provide C$328,750 to the Fisheries Council of Canada, the promotional arm of the fishing industry, to kick-start a global promotional effort for Atlantic lobster. Activities will include advertising, media campaigns, retail promotions, chef events, market research and consumer promotion. The participating provincial governments will jointly contribute an additional

C$126,250 to the project bringing the total funding to C$455,000. The federal funds will come from Agriculture and Agri-Food Canada's Canadian Agriculture and Food International (CAFI) program, the Canadian centerpiece for the export promotion efforts of Canadian food and fishery products. The project will reportedly work on maintaining the United States as the Canadian lobster industry's largest market but also include market development programs for emerging markets, particularly in Europe and Asia. *Comment: No details on the availability of the funds were announced or on the time frame within which they would be used.*

Exchange Rate: Noon rate, March 6, 2009 (Bank of Canada): U.S. Dollar = C$1.2863

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